

DISPOSAL OF OPERATING ASSETS - GULF SPECIALTY STEEL INDUSTRIES LLC

1. INTRODUCTION

The Board of Directors of BH Global Corporation Limited (the “**Company**” and collectively with its subsidiaries, the “**Group**”) refers to the announcements dated 14 May 2018 and 7 August 2018, wishes to announce that Gulf Specialty Steel Industries LLC (“**GSSI**”), a 51% owned joint venture held through Global Steel Industries Pte. Ltd. (“**GSI**”), a wholly owned subsidiary of the Company has completed its disposal of operating assets, for a total consideration of OMR1.90 million (approximately S\$6.71 million¹) (the “**Aggregate Consideration**”).

The operating assets mean the leasehold property, the plant and equipment and the benefit of the lease contracts. The leasehold property is located at plot no 629/644, Suhar Industrial Area, Sohar, Oman.

The Aggregate Consideration was arrived at pursuant to arm’s length negotiations between GSSI and purchaser on a willing-buyer and willing-seller basis. The Aggregate Consideration of OMR1.90 million will be used to repay partially to GSSI’s banker to offset the outstanding loan due by GSSI.

The transaction will result in GSSI to become a dormant company. The intention of the management of GSI and its joint venture partner, Takamul Investment Company S.A.O.C. (“Takamul”) is to wind up GSSI. The completion of the winding up will be announced accordingly.

2. INFORMATION ON GULF SPECIALTY STEEL INDUSTRIES LLC AND THE PURCHASER

GSSI was established and incorporated in Muscat, Oman as a joint venture company between GSI and Takamul, a company organised and existing under the laws of the Sultanate of Oman to carry on business of manufacturing and supplying of specialty steel wire and other types of wire. Takamul is a majority-owned investment arm of Oman Oil Company S.A.O.C, a commercial company wholly-owned by the Government of the Sultanate of Oman.

The purchaser is a company incorporated in and under the laws of Oman. The purchaser is an independent third party and there is no relationship between the purchaser, the Company and the Company’s directors or, to the best of the Company’s knowledge, the Company’s substantial shareholders.

¹ Unless otherwise stated, the exchange rate of OMR1.00 : S\$3.531 is used in this announcement.

3. RATIONALE

Since the commercial production of its plant in 2013, GSSI has been facing persistent depressed market conditions, resulting in revenue falling short of expectations and making losses every year. After careful deliberations, the Group and its joint venture partner (“the partners”) are of the view that it will be in the partners’ best interests to exit the loss-making commoditised galvanised steel wire business via the above-mentioned disposal at an appropriate consideration. This is also in line with the Group’s transformation roadmap in restructuring its business to exit from non-core and non-value adding businesses, and to focus on core and new high growth ventures to deliver better value and returns to the Group’s shareholders.

Based on the unaudited financial statement of GSSI for the second quarter ended 30 June 2018, the net carrying value of the operating assets were OMR1.91 million (approximately S\$6.74 million¹). The Group’s share of the net carrying value of operating assets were OMR0.97million (approximately S\$3.43 million¹) and the assets disposed resulted in the Company’s share of loss of approximately OMR0.005 million (approximately S\$0.02 million¹).

The transaction is not expected to have any material impact on the loss per share and the net tangible assets per share of the Group for the current financial year ending 31 December 2018.

4. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for the directorships and shareholdings in the Group, none of the Directors or Controlling Shareholders or Substantial Shareholders of the Group has any interest, direct or indirect, in the abovementioned transaction.

BY ORDER OF THE BOARD

Vincent Lim Hui Eng
Executive Chairman and Chief Executive Officer
7 September 2018

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